

State of Alaska FY2005 Governor's Operating Budget

Department of Transportation/Public Facilities Internal Review Component Budget Summary

Contents

<i>Component: Internal Review</i>	3
Component Financial Summary.....	5
Summary of Component Budget Changes.....	6
Personal Services Information.....	7

Component: Internal Review

Contribution to Department's Mission

To provide professional audit assistance to Department management to ensure compliance with Federal Highway Administration (FHWA) and Federal Aviation Administration (FAA) requirements and to provide independent assessments of Department operations.

Core Services

Internal Review is an independent section within the Department of Transportation and Public Facilities that reports directly to the Commissioner. Internal Review is an extension of the management function that identifies problems and recommends actions that can correct those problems. It provides a measurement of how well the Department is meeting its statutory requirements and achieving its objectives.

This section is responsible for:

- Reviews of operations and identifies control weaknesses, addresses systems improvements, ensures compliance, and makes recommendations for improvement in utilization of resources (efficiency, economy, and effectiveness).
- Audits of pre-award and final (post performance) activity of firms under contract with the Department to assist in negotiating rates and ensuring that only agreed upon rates and charges have been paid.
- Audits of utility companies, concessionaires at the State's airports, grantees, and contractor claims involving federal-aid to ensure agreed upon rates were used, proper fees collected and that contractor claims were supportable.
- Internal audits on major federal and state programs and assists in special program reviews conducted by the FHWA and FAA.
- Assists the Division of Legislative Audit in the OMB Circular A-133 required Annual Single Audit of State of Alaska Department operations.

Major Activities to Advance Strategies

- Perform timely audits of engineering consultant's and utility company's indirect cost rates
- Perform timely audits of concessionaires for the Ted Stevens Anchorage International Airport and the Fairbanks International Airport

FY2005 Resources Allocated to Achieve Results

FY2005 Component Budget: \$795,000

Personnel:

Full time	8
Part time	0
Total	8

Key Component Challenges

A significant portion of the Internal Review's audit work is performed on the federal programs on specific projects. The most cost-effective method of meeting audit requirements is to perform the audits in-house. It is important for the Internal Review Section to receive sufficient funding to sustain an adequate staff size and to fund training and travel requirements.

Significant Changes in Results to be Delivered in FY2005

none

Major Component Accomplishments in 2003

- The Internal Review Section completed 56 consultant engineering overhead rate audits, 12 utility company rate audits, 11 cost allocation plan reviews, 3 concession audits, and 19 final audits to ensure rates and other charges under contracts with the Department are supportable and meet federal requirements.
- Assisted departmental staff and state attorneys in reducing claims on projects.
- Completed the review of all financial documents requested by the Division of Legislative Audit as part of the annual single audit of the State, which completes the annual 'Federal Single Audit' requirements.

Statutory and Regulatory Authority

The following Federal and State Regulations and Statutes apply in general to the establishment and operation of the Internal Review Section:

AS 44.17.010, 020, 040 (Dept authority to establish organization and staffing)

AS 36.30.420 (Right to audit records)

AS 35.05.050 (Cooperation with the federal government for construction of public works)

Alaska Procurement Code and the Department Professional Services Agreement (PSA) Manual

Memorandum of Agreement between Alaska DOT/PF and FHWA

CFR Title 23 Part 645 (Accounting standards for utility companies)

CFR Title 48 Part 31 (Contract Cost Principles)

OMB Circular A-133 on the Federal Single Audit

Contact Information

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Internal Review Component Financial Summary

All dollars shown in thousands

	FY2003 Actuals	FY2004 Authorized	FY2005 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	592.2	689.8	704.5
72000 Travel	26.6	29.2	29.2
73000 Contractual	25.0	40.5	40.5
74000 Supplies	21.0	20.8	20.8
75000 Equipment	4.5	0.0	0.0
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	669.3	780.3	795.0
Funding Sources:			
1004 General Fund Receipts	56.7	51.2	46.9
1027 International Airport Revenue Fund	66.8	68.5	72.2
1061 Capital Improvement Project Receipts	545.8	660.6	675.9
Funding Totals	669.3	780.3	795.0

Estimated Revenue Collections

Description	Master Revenue Account	FY2003 Actuals	FY2004 Authorized	FY2005 Governor
Unrestricted Revenues				
None.		0.0	0.0	0.0
Unrestricted Total		0.0	0.0	0.0
Restricted Revenues				
Capital Improvement Project Receipts	51200	545.8	660.6	675.9
Restricted Total		545.8	660.6	675.9
Total Estimated Revenues		545.8	660.6	675.9

**Summary of Component Budget Changes
From FY2004 Authorized to FY2005 Governor**

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2004 Authorized	51.2	0.0	729.1	780.3
Adjustments which will continue current level of service:				
-Changes to Retirement and Other Personal Services Benefits	0.0	0.0	36.0	36.0
-Transfer \$17.0 ICAP to Commissioner's Office to fully fund positions	0.0	0.0	-17.0	-17.0
Proposed budget decreases:				
-GF reduction	-4.3	0.0	0.0	-4.3
FY2005 Governor	46.9	0.0	748.1	795.0

**Internal Review
Personal Services Information**

Authorized Positions			Personal Services Costs	
	FY2004 Authorized	FY2005 Governor		
Full-time	9	8	Annual Salaries	496,801
Part-time	0	0	Premium Pay	0
Nonpermanent	0	0	Annual Benefits	207,843
			<i>Less 0.02% Vacancy Factor</i>	(144)
			Lump Sum Premium Pay	0
Totals	9	8	Total Personal Services	704,500

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Internal Auditor III	4	1	0	0	5
Internal Auditor IV	1	0	0	0	1
Internal Auditor V	0	0	1	0	1
Statistical Technician I	1	0	0	0	1
Totals	6	1	1	0	8